

In the matter of
Fact-Finding between:

THE CITY OF CENTERVILLE, IOWA

And

REPORT OF FACT-FINDER

PUBLIC PROFESSIONAL and MAINTENANCE
EMPLOYEES, LOCAL 2003, IUPAT

HEARINGS AND APPEARANCES

On Wednesday, February 12, 2003, between the hours of 10:15 a.m. and 12:15 p.m., I conducted a fact-finding hearing with the representatives of the City of Centerville, Iowa (City) and the Public Professional and Maintenance Employees, Local 2003, IUPAT (Union) under the provisions of the Iowa Public Employment Relations Act. Appearances for the respective parties were as follows:

For the City:

Jack Williams, Mayor
Cynthia Cortesio, City Clerk
Jan Spurgeon, City Council Member
Glenn Moritz, City Council Member

For the Union:

Randy Schultz, Business Representative
Tom Carson, Member
Gary Smothers, Member

Neither party requested a written transcript and neither party requested the issuance of subpoenas to compel testimony. The parties indicated that there were no disputes as to the negotiability of the issue at impasse. It was stipulated that the Union would proceed first with its case, followed by the City; with opportunity for both parties to respond thereafter. The parties agreed that there was no dispute with respect to the jurisdiction of the Fact-Finder or with respect to the submission of items prior to the hearing. The parties agreed that there were no special procedures in effect with regard to handling impasse disputes beyond those provided by statute.

In the course of the hearing, both parties submitted their evidence and were given full opportunity to present argument and rebuttal. The recommendations set forth below are based upon the Fact-Finder's weighing of all the facts and arguments submitted, even those which are not specifically referred to herein.

STATEMENT OF IMPASSE ITEM

The Fact-Finder was presented with one issue which was at impasse. The positions of the parties with respect to the impasse item is set forth below.

ARTICLE 18 - WAGES

The Union's final offer on this item proposes to increase all hourly wage rates set out in Appendix A, Wage Schedule, by \$0.51 effective July 1, 2003.

The City's final offer proposes to keep Appendix A, Wage Schedule unchanged until June 30, 2004 at which time the hourly wage rates would be increased 1% across the board.

FINDINGS OF FACT AND RECOMMENDATIONS

After consideration of the exhibits, the submissions and presentations of the parties, and after hearing the arguments of the representatives of both parties, I make the following findings and recommendations:

Iowa Code §20.22 in paragraph 9 sets forth the factors to be considered by arbitrators in making their final determination when the parties are at impasse. Those statutory factors are as follows:

- a. Past collective bargaining contracts between the parties including the bargaining that led up to such contracts.
- b. Comparison of wages, hours and conditions of employment of the involved public employees with those of other public employees doing comparable work, giving consideration to factors peculiar to the area and the classifications involved.
- c. The interests and welfare of the public, the ability of the public employer to finance economic adjustments and the affect of such adjustments on the normal standard of services.
- d. The power of the public employer to levy taxes and appropriate funds for the conduct of its operations.
- e. Any other relevant factors.

Statutory fact-finders under Iowa Code §20.21 have generally used these same factors in formulating recommendations.

Subject to the statutory provisions governing the impasse process, the Fact-Finder

recommends as follows:

ARTICLE 18 - WAGES (APPENDIX A., WAGE SCHEDULE)

DISCUSSION:

The Union proposes a \$0.51 across the board hourly wage increase effective July 1, 2003. The City proposes a 0% increase until June 30, 2004, at which time hourly wages would increase 1%. Analyzing the proposals and the evidence in light of the Iowa statutory criteria produces the following:

a. Bargaining History. The bargaining unit consists of 10 employees; 5 in the street department and 5 in the sewer utility. The Union has represented this employee unit since it was recognized on August 8, 1979. The parties are currently operating under a collective bargaining agreement negotiated for the period July 1, 1996 through June 30, 1999. This contract was extended through June 30, 2003 and modified by several "letters of understanding". This contract provided for an equal cents per hour increase across the board for all job classifications in each year of the initial 3 year contract.

The information provided to the Fact-Finder does not show what the increase was in the first year but in the second year the increase was \$0.32 per hour and in the third year \$0.27 per hour. The result of this was that some classifications received an increase slightly in excess of 3% and others slightly less than 3% each year. After the first three years, the first "letter of understanding" provided that for the period July 1, 1999 through June 30, 2003 the bargaining unit would receive a 3% across the board increase each year with an escalator provision if the CPI exceeded 5% in any year.

Based upon the above bargaining history it appears that the parties have a history of negotiating wage increases which approximate 3% per annum but have no firm commitment to either a percentage increase or a cents per hour increase.

The City's offer of a wage freeze for the upcoming 12 months (less 1 day) does not indicate any preference between a percentage increase or a cents per hour increase. The Union's offer indicates a clear desire to return to the across the board cents per hour increase which would result in the lower paid members receiving a higher percentage increase than the higher paid members.

b. Comparability. The Union suggests a comparability group consisting Bloomfield, Albia, Osceola, Centerville, Creston, Knoxville, Oskaloosa. The parties did not stipulate to any agreed upon comparability group and no comparability group was previously used by the parties. The Union's suggested comparability group is based upon the fact that all are county seats with bargaining units made up of similar employee job classifications. In addition, they are all located in southern Iowa in close proximity to Centerville. Three of the cities have a lesser population than Centerville and the other three have larger populations. The range of population is from

2,601 (Bloomfield) to 10,938 (Oskaloosa). Aside from Bloomfield and Oskaloosa the population range is within 2,000 of Centerville's population of 5,924.

The Union's data on taxable valuation (Union Exhibit 6) indicates a range of approximately 45 million dollars (Bloomfield) to 240 million dollars (Oskaloosa). Compared to its fourth place ranking in population, Centerville ranks fifth in terms of taxable valuation.

Property tax levy rankings among this comparability group do not correlate with taxable valuation levels but Centerville does rank in the middle (fourth place) with its tax levy rate. (Union Exhibit 6)

The Union points out that the top rate equipment operator in Centerville earns 10% less than the average in the comparability group and the top rate waste water operator earns almost 15% less than the average in the comparability group. (Union Exhibit 4)

Union Exhibit 4 also shows that Centerville is last in the comparability group with respect to equipment operator wages both in the street department and the waste water utility.

Because the Bloomfield and Osceola contracts are still "open", it is not possible to determine exactly what effect the Union's wage proposal would have on Centerville's ranking in this comparability group except to say that Centerville bargaining unit members would move ahead of Albia employees because Albia employees have accepted a 0% wage increase; apparently in return for the city's continuing to pay 100% of family health insurance coverage. (Union Exhibit 4). The City of Centerville currently pays 80% of the insurance premium costs for both single and family coverage.

The Union argues that if no wage increase is implemented Centerville street and sewer utility employees would fall even further behind in the comparability group. Other contracts negotiated in the comparability group results in wage increases of 1% (Creston) 3.5% (Knoxville) and 3% (Osceola). Even if no wage increase were negotiated in Bloomfield, Centerville bargaining unit members would not move ahead of Bloomfield. Centerville street department employees could move ahead of Osceola equipment operators if no wage increase were negotiated.

The City does not offer a comparability group except to suggest that Bloomfield and Albia are the only truly comparable cities because the others proposed by the Union have a higher median wage. The City also suggests that it currently offers better wages and benefits than other local employers with whom it competes for its labor force and that it has no difficulty finding qualified employees at its current wage levels. Neither party offered any specific evidence on median wage rates in Centerville for comparison to bargaining unit wages or median wage rates in other comparability group cities and their comparable bargaining units.

The City also points to an unratified tentative agreements with the police and fire bargaining units which provide for a wage freeze with provision for a 1% increase in January

2004 if a grant is approved and a 3% increase on July 1, 2004. If no grant is received, the 2 year contract provides for a 4% increase on July 1, 2004.

c. Ability to Pay. The City offers several arguments to support its assertion that it has no ability to pay the Union's proposed wage increase. First, the City asserts that the bargaining with the Union impacts on all other City employees and that the City has no ability to pay wage increases equal to 4% for all City employees. The City also argues that the budget already established for the street department is such that it can not fund the increase proposed by the Union. The waste water utility budget does permit funding the proposed increase because of a projected \$30,000.00 surplus but the City believes it will need these funds for unknown issues pending with the Iowa Department of Natural Resources. Finally, the City argues that as a result of valuation rollbacks in the last 3 years, revenue did not increase for the year 2002 and were reduced for fiscal year 2003. If tax rates are kept at the same level, the City would suffer a \$300,000.00 deficit due to a revenue loss of \$150,000.00 and a cost increase of \$150,000.00. As a result of this projected deficit the City has elected to cut \$300,000.00 from personnel expenses.

The \$14.75 levy adopted by the City in its budget does leave \$1.25 in taxing authority available for additional revenue.

The City did not provide any specific information on the effect the Union's wage proposal would have on the normal standard of services in the community or its affect on the interest and welfare of the public. The City did imply that it was politically problematic to accept the Union's wage proposal. That is not among the criteria recognized by the Iowa statute.

The Iowa statute seems to establish a system of analysis that requires neutrals to make a preliminary determination of the wage issue based upon bargaining history and comparability and then test that preliminary finding against the ability to pay and its affect on normal services. It leaves to the governmental entity the choice of raising taxes (if there is legal latitude to raise taxes) or reducing staff and/or services. If taxes can not legally be raised or if the wage increase would result in a cut back of services then the neutral must balance the effect of mandated cut backs against the preliminary wage findings made based upon history and comparability.

Clearly with respect to the sewer utility, the Union's wage proposal could be funded without any impact on the interests and welfare of the public and without any effect on the normal standard of services. The Fact-Finder can not allow hypothetical future issues which may arise with the Department of Natural Resources to significantly effect the determination. With respect to the street department, the City has apparently made a political choice to rely on the previously established budget as a basis for an inability to pay argument.

The City has not argued that the Union's proposed increase would have an effect on the level of service or on the welfare of the public. The evidence indicated that the street department had been reduced by one employee in the recent past but there is no indication that the Union's proposed increase would mandate any further personnel reduction.

d. Ability to Pay. Other than the political issue, it was undisputed that the City could levy taxes in excess of the rate proposed in its adopted budget and the additional taxing power available to the City would be sufficient to pay the increase proposed by the Union.

e. Other Relevant Factors. None.

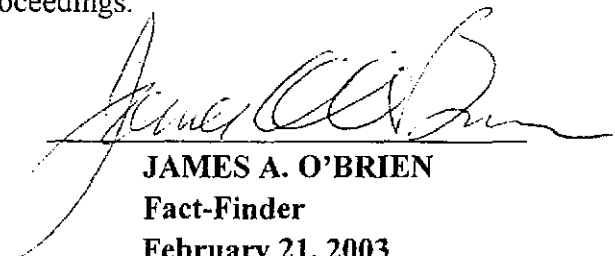
The City's final offer of a 0% increase until June 30, 2004 with a 1% increase implemented affective June 30, 2004 is not supported by any evidence relevant to the statutory factors to be considered by neutrals under Iowa law. The City's proposal is well below the negotiated increases in other cities in the comparability proposed by the Union with the exception of Albia which appeared to be influenced by the insurance issue.

The known increases of 1% (Creston), 3.5% (Knoxville) and 3% (Osceola) along with the bargaining history of 3% increases and the Union's preference for a cents per hour increase rather than a percentage increase lead the Fact-Finder to recommend a cents per hour increase somewhat less than the \$0.51 proposed by the Union. The \$0.51 per hour Union proposal is approximately 4%. This would be higher than the negotiated increases in other cities in its comparability group as well as being higher than the parties have negotiated in previous years when the annual cost of living increase is less than 3%.

RECOMMENDATION:

Based upon the comparability data and the bargaining history, the Fact-Finder recommends a \$0.40 per hour across the board salary increase commencing July 1, 2003. This increase approximates a 3% increase which is in line with the historical trend and with other known negotiated increases in the Union's comparability group. It also does not change the ranking of Centerville in that comparability group in terms of wages even if there would be no increases in comparable units in Osceola and Bloomfield. The Centerville employees would move past the hourly rates of comparable employees in Albia. This is not troublesome to the Fact-Finder for the reason that it appears to be related to other negotiated issues in their contract and because it would bring Centerville wage rates slightly more in line with their population ranking in the comparability group.

The recommendations set forth above are based upon the standards provided under the Iowa Code. It is sincerely hoped that this report, with its recommendations, can be a basis for agreement between the parties without further proceedings.



JAMES A. O'BRIEN
Fact-Finder
February 21, 2003
Dubuque, IA 52001

I hereby certify that on the 21st day of February, 2003, I sent a copy of the above and foregoing matter to the following parties of record or their representatives at the addresses indicated by depositing same in a United States mail receptacle with sufficient postage affixed thereto:

Public Employment Relations Board
507 Tenth Street
Des Moines, IA 50309

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Sigourney, IA 52591-1057

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2003 FEB 28 10:11:10
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